



641 Lexington Avenue, 13th Floor
New York, NY 10022
Office: 212.328.9564
Fax: 212.656.1778

200 Meeting Street | Suite 204
Charleston, SC 29401
Office: 843.576.4433
prophecyfund.com

March 31, 2020

Dear Investors,

From all of us at Prophecy Asset Management, LP ("Prophecy"), we hope this letter finds you and your family safe and well.

Auditor

We are writing to advise you that the funds' auditors, Deloitte & Touche LLP ("Deloitte"), have resigned as of March 18, 2020, and that they have withdrawn their audit opinions regarding the funds' 2018 financial statements and that those opinions should no longer be relied upon. Their opinions regarding the funds' 2017 financial statements have not been withdrawn.

Prophecy has engaged Marcum, LLP ("Marcum") to re-audit the 2018 financial statements and commence the funds' audit of 2019. Marcum is one of the largest independent public accounting firms in the United States. Once their audit is complete, investors will be provided with updated 2018 audited financial statements for the fund or funds to which they have subscribed.

Broad Reach

In late 2019, Prophecy engaged the law firm of Morgan Lewis & Bockius LLP ("Morgan Lewis") and the economic consulting firm, Cornerstone Research ("Cornerstone"), to, among other things, analyze the funds' historical accounting for transactions involving Broad Reach Capital, LP ("Broad Reach") and Brenda Smith. Prophecy had previous dealings with Broad Reach and CV Brokerage, both entities associated with Brenda Smith. In August 2019, Prophecy learned that Ms. Smith was arrested for allegedly operating a Ponzi scheme. Prophecy had no knowledge of her illegal activities and we are fortunate that we did not incur any losses of investor assets as a result of her activities. The SEC and DOJ have served subpoenas on Prophecy relating to Ms. Smith and her affiliated businesses, and we are providing information to those authorities.

We instructed Morgan Lewis and Cornerstone to meet with Deloitte concerning their work. Cornerstone shared with Deloitte its initial findings that Prophecy's accounting for transactions regarding Broad Reach in 2018 appears appropriate, and that there does not appear to be any need to restate Prophecy's accounting for those transactions. However, Cornerstone also brought to Deloitte's attention some facts that bear on whether certain footnote disclosures in the 2018 financial statements should be amended or adjusted. We will be bringing those same facts to the attention of Marcum. Ultimately, whether the 2018 financial statements require restatement will be determined by Prophecy and its new independent auditor.

Postponement of Redemptions and Redemption Payments and Suspension of NAV Calculation

Please be advised that, in the opinion of the General Partner, there now exists a state of affairs that makes the disposition of the Partnership's investments and the determination of price or



641 Lexington Avenue, 13th Floor
New York, NY 10022
Office: 212.328.9564
Fax: 212.656.1778

200 Meeting Street | Suite 204
Charleston, SC 29401
Office: 843.576.4433

prophecyfund.com

value impractical or prejudicial to the Partners and therefore Prophecy is temporarily suspending redemptions and the payment of redemptions, effective as of March 30, 2020, as we are permitted to do under the funds' constituent documents. Similarly, Prophecy is temporarily suspending the calculation of NAV. The Limited Partnership Agreement of Prophecy Trading Advisors Master Fund, LP provides:

The Partnership "may suspend (or postpone) withdrawals, subscriptions, calculations of Net Asset Value and/or payments upon any withdrawals (in whole or in part) from Capital Accounts:

(i) during the existence of any state of affairs which, in the opinion of the General Partner, makes the disposition of the Partnership's investments impractical or prejudicial to the Partners, or where such state of affairs, in the opinion of the General Partner, makes the determination of the price or value of the Partnership's investments impractical or prejudicial to the Partners;"

We believe that accommodating redemptions by liquidating assets at these price levels would be to the severe detriment to our investors, and that it is in the best interests of all of our investors to take this action. Prophecy intends to evaluate the need to maintain a suspension of redemptions and the payment of redemptions on a monthly basis and will alert the funds' investors of the effective dates for the pending redemptions and redemption payments. We do not wish to be a distressed seller in this market and believe that patience and diligence will provide the best results for all investors. This step will also help to ensure that all investors are treated equally with respect to redemptions.

Temporary Suspension of Management Fee

During this difficult period, we will be working to preserve investor assets and serving you as best as possible. Nonetheless, we also have determined to suspend the collection of any management fee for the first quarter of 2020 and continuing until such time as the payment of redemptions and the calculation of NAV resume.

Kind regards,

A handwritten signature in blue ink, appearing to read "Jeffrey Spotts". The signature is stylized with a large, sweeping initial "J".

Jeffrey Spotts

4775426